

UNIT 73 ACCOUNTING & ESTIMATING SYSTEMS

(Formerly Unit 71)

_____ has satisfactorily completed on-the-job training in the Part or Parts of this Unit specified below.

Certification for Part A: Accounting Systems

Duty	Determine the adequacy of the firm's accounting system.
Conditions	Given a contract that obligates the Government to reimburse a contractor's incurred costs (e.g., cost reimbursable contracts, redeterminable contracts, fixed price incentive contracts, Time-And-Materials contract, or fixed price contracts which provide for progress payments based on costs).
Overall Standard(s)	Do not award a cost reimbursement, fixed price incentive, or redeterminable contract unless the contractor's accounting system can accurately identify, segregate, and track the costs incurred against the contract. After award, do not reimburse costs unless the contractor's accounting system can accurately identify, segregate, and track costs incurred against the contract.
Evaluator	Name _____
	Title _____
	Date _____

Certification for Part B: Cost Estimating Systems

Duty	Determine the adequacy of the firm's estimating system.
Conditions	Given a firm which regularly submit cost or pricing data as the basis for contract awards or modifications.
Overall Standard(s)	When preparing prenegotiation positions on elements of cost (per Unit 40), identify and account for any significant deficiencies in the firm's estimating system.
Evaluator	Name _____
	Title _____
	Date _____

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Certification for Part C: Financial Condition

Duty	Monitor the financial condition of the firm.
Conditions	Given a firm to which the Government has awarded sizeable longterm contracts (especially cost reimbursement contracts or contracts for which the Government has provided progress payments, advance payments, or guaranteed loans).
Overall Standard(s)	Protect the Government's interests if the firm's financial condition has changed materially since the agreement on price and related terms and conditions.
Evaluator	Name _____
	Title _____
	Date _____

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DOCUMENTATION OF OJT ASSIGNMENT(S)
Description of Assignment:
Evaluation:
Completion Date:

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As needed, insert additional pages to record OJT assignments.

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Policies

<i>FAR</i>	<i>Agency Suppl.</i>	<i>Subject</i>
9.105-1		Preaward surveys of accounting systems.
15.806-3		Field pricing reports.
15.811		Estimating system reviews.
16.205-3(b) 16.206-3(b) 16.301-3(a) 16.403-1(c) 16.403-2(c)		Contract types that can be used only after verifying the acceptability of the contractor's accounting system.
42.9		Bankruptcy. ¹
52.214-26		Audit—Sealed Bidding (e.g., with respect to modifications).
52.215-2		Audit—Negotiations.
52.232-16		Requirement to maintain an accounting system and controls adequate for proper administration of progress payments.
52.242-13		Bankruptcy. ²

Other KSA's

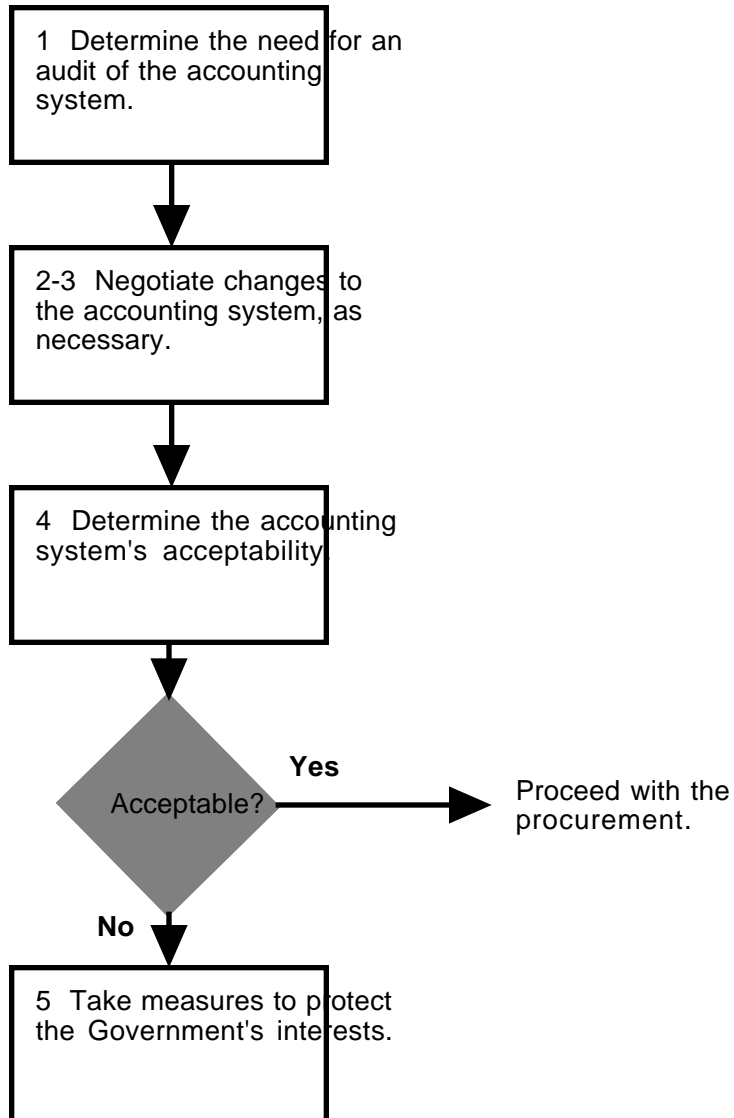
1. Accounting and Business Finance (e.g., of tools available to monitor contractor's financial condition).

Other Policies and References (Annotate As Necessary):

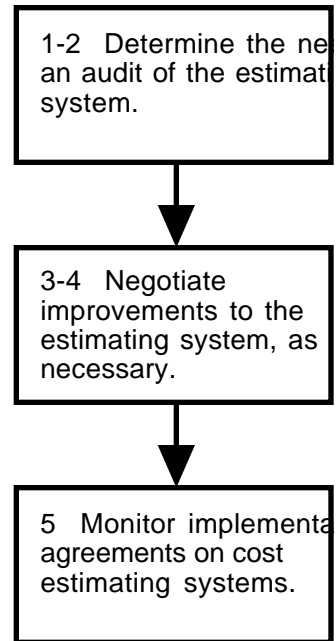
¹FAC 90-4.

²FAC 90-4.

Accounting Systems



Estimating Systems



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Part A: Accounting Systems

Tasks	Related Standards
1. Determine the need for an accounting system review. (Note—ordinarily as part of a preaward survey, audit, and/or field pricing report).	A1. Request the review per Unit 39. Obtain an accounting system audit before executing cost reimbursement, fixed price incentive, or fixed price redeterminable contracts. Also require an audit before initiating progress payments as prescribed in Unit 69.
2. Review the auditor's report on the contractor's accounting system (per Unit 39) and prepare an initial position on adequacy.	
3. Brief the contractor on the auditor's findings and recommendations. If necessary, request the contractor to amend deficiencies within specified time period. <ul style="list-style-type: none">• Obtain additional facts and position of the contractor.• Reach agreement with contractor on resolution of deficiencies (if possible).	A3. Identify and accurately represent all deficiencies.
4. Determine acceptability of the contractor's accounting system.	
5. Take measures to protect the government's interest when accounting systems are inadequate.	A5. If the ability to accumulate costs is required, do not award until the contractor agrees to remedy any deficiencies. Select another offeror in the competitive range if the offeror in line for award is not willing or able to resolve the deficiencies prior to contract performance. If the determination of unacceptability is after award: <ul style="list-style-type: none">• Withhold payment (per Unit 65), or• If making progress payments under FAR 52.232-16, suspend payment (per Unit 69).

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Part B: Estimating Systems

Tasks

Related Standards

1. Identify potential problems in an offeror's cost estimating policies or practices.	B1. Correctly recognize indicators of problems with the firm's estimating system, given: <ul style="list-style-type: none">• Cost or pricing data submitted by the firm, and/or• Data on costs incurred by the contractor under previous contracts.
2. Determine need for an audit of a contractor's cost estimating system.	B2. Request an audit per Unit 39 when the Government is likely to award a number of contracts to the firm in the future and: <ul style="list-style-type: none">• You have identified indicators of serious problems, and/or• A general estimating system review might reduce the scope of individual proposal reviews and expedite the negotiation process. <p>Note—In some cases, you can also ask contract administrators to conduct special surveys of the firm's compensation system, insurance or pension programs, purchasing system, and the like.</p>
3. Review the auditor's findings and recommendations and prepare initial position for discussions with the contractor (per Units 39 and 44).	
4. Conduct discussions with the contractor on needed improvements in cost estimating practices (per Units 44 and 45).	B4. Consider significant deficiencies not corrected by the contractor in subsequent proposal analyses and negotiations, as prescribed at FAR 15.811.
5. Monitor the contractor's implementation of agreements on cost estimating practices (per Unit 58).	

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Part C: Financial Condition

Tasks

Related Standards

1. Monitor the contractor's financial condition (per Unit 58).	
2. Protect the Government's interests if a lien is placed against a contractor's inventory (may need a Subordination Agreement).	
3. Protect the Government's interests if the contractor is facing bankruptcy.	<p>C1. When provided notice of bankruptcy by a contractor per the clause at FAR 52.242-13:</p> <ul style="list-style-type: none">• Notify legal counsel and other interested parties.• Determine the amount of any potential claim against the contractor (considering all contracts not yet closed out).• Furnish pertinent data to the Government's legal counsel.• Take all other actions necessary to protect the Government's financial interests and safeguard Government property.

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Part C: Financial Condition

Tasks

Related Standards